Public Service Commission of Wisconsin
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Public Service Commission of Wisconsin
Direct Testimony of Patrick Sullivan
Division of Energy Regulation and Analysis

Wisconsin Electric Power Company and Wisconsin Gas LLC
Docket 5-UR-109

August 28, 2019

Q. Please state your name, occupation and business address.

A. My name is Patrick P. Sullivan. I am employed by the Public Service Commission of Wisconsin as a Public Utility Auditor in the Division of Energy Regulation and Analysis. My business address is 4822 Madison Yards Way, Madison, Wisconsin.

Q. Please describe your educational background and experience.

A. I graduated from the University of Wisconsin-Madison with a Bachelor of Science Degree majoring in economics. I subsequently graduated from the Kelley School of Business at Indiana University with a Master of Science degree majoring in finance. Prior to accepting my position with the Commission, I provided financial, credit, regulatory, and economic analysis for a variety of commercial and retail customers at Bank of America/Merrill Lynch, Wisconsin Department of Financial Institutions, Home Savings Bank, and John Deere Financial. I began working at the Commission in January 2015. I left the Commission in May 2016 and returned in May 2017.

Q. Please explain the purpose of this proceeding.

A. Wisconsin Electric Power Company (WEPCO) and Wisconsin Gas LLC (WG) (together, We Energies) filed a joint application with the Commission on March 23, 2019, requesting authority to increase its electric, gas, and steam rates on January 1, 2020, and a step increase for its electric rates on January 1, 2021. WEPCO requested Wisconsin jurisdictional revenue increases of $82.62 million (2.9 percent) in 2020 and

$82.62 million (2.9 percent) in 2021 for its electric operations, a $14.7 million (3.9 percent) revenue increase for its natural gas operations (WE-GO) in 2020, and $0.958 million (4.5 percent) revenue increase in 2020 for its Valley steam operations (WEPCO Steam). WG requested a $10.96 million (1.8 percent) increase for natural gas operations in 2020.

Q. Please describe the primary factors contributing to the requested electric, natural gas, and steam rate changes.

A. We Energies' witness Joseph Zgonc has provided some background on the major drivers of the rate adjustments requested for the electric, natural gas, and steam rate changes in his pre-filed testimony on pages Direct-WEPCO WG-Zgonc-6 through 9 and has provided an analysis of the electric utility revenue requirement drivers for both 2020 and 2021 on Schedule 2 of Ex.-WEPCO WGC-Zgonc-1.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide the Commission, We Energies, and all parties in this proceeding with an inventory of Commission staff's adjustments to the revenue requirement for the test year ending December 31, 2020 as result of Commission staff's audit, to be used as a basis for determining final rates in this docket.

Q. Are you sponsoring any exhibits with your direct testimony?

A. Yes. I am sponsoring one exhibit. The exhibit, marked for identification as Ex.-PSC-Sullivan-1, is entitled *We Energies Inventory of Commission Staff Audit Adjustments and Deferral Amortization Schedule for the Wisconsin Electric Power Company (Electric, Natural Gas, and Valley Steam Operations) and Wisconsin Gas, LLC (Natural Gas Operations) for the Test-Year Ending December 31, 2020.*

Q. Was this exhibit prepared by you or at your direction?

A. Yes, it was.

Q. Please summarize Commission staff's adjustments to the 2020 Test Year revenue requirements for WEPCO Electric, WE-GO, WEPCO Steam, and WG.

A. Based on its audit, Commission staff adjustments to the We Energies filing totaled a $76.4 million reduction in revenue requirement for WEPCO Electric operations, an $11.2 million reduction in revenue requirement for WE-GO operations, a $673 thousand increase in revenue requirement for WEPCO Steam operations, and a $20.6 million reduction in revenue requirement for WG. Commission staff's revenue adjustments noted above are on a total company basis and assumed a single rate adjustment for the 2020 test year only. Commission staff's estimated revenue deficiencies for WEPCO's operations and the estimated revenue excess for WG operations are based on 10.0 percent rate of return on common equity (ROE) and the currently authorized equity layer of 51.0 percent.

Q. Please explain Schedule 1 of Ex.-PSC-Sullivan-1.

A. Columns (a) through (d) reflect the total company revenue requirement impact of each adjustment on WEPCO Electric, WE-GO, WEPCO Steam, and WG, respectively.

Q. Explain Adjustment 1.

A. Adjustment 1 increases WE-GO and WG gas revenues by $4,480,000 and $994,000, respectively. This adjustment increases WE-GO gas margin revenues by $1,648,000 and WG gas margin revenue by $641,000 due to Commission staff's adjustments to estimated test-year number of customers and therm sales to their 5-year linear trends.

Q. Explain Adjustment 2.

A. Adjustment 2 increases steam revenues by $633,000 due to Commission staff's test-year sales forecast.

Q. Please discuss Commission staff's Adjustment 3 to labor expenses for the We Energies utilities.

A. Commission staff's adjustments to labor expense is comprised of multiple adjustments. The first labor adjustment removed 100 percent of the test-year incentive compensation forecast in We Energies' filed revenue requirement, this adjustment includes all expensed and capitalized incentive compensation.

The second adjustment reduced the filed 2020 full-time equivalents (FTE) of regular full-time employees for each of the We Energies utilities to reflect the March 2019 actual levels for each utility. Based on information provided during the audit, the number of regular full-time employees and the associated expenses have steadily decreased since 2016. Accordingly, the FTEs for each utility's regular full-time employees was maintained at the March 2019 levels which is in line with the historic trend.

The third labor adjustment was to part-time and seasonal employee labor for each of the We Energies utilities. This adjustment reflects the historic average expense level as adjusted for linear growth. The final labor adjustment relates to the level of wage increase included in the test-year payroll estimates for each of the We Energies' utilities. Wage rates for the represented employees were based on escalation rates embedded in any collective bargaining agreements. The wages for the non-represented, management and executive employees were held to the level of inflation for the 2020 test year. The total labor adjustments, including capitalized amounts, were $25,826,000 for WEPCO Electric, $3,002,000 for WE-GO, $317,000 for WEPCO Steam, and $4,893,000 for WG.

Q. Please explain Adjustments 4 and 5.

A. Adjustment 4 reduces purchased gas expense for WE-GO and WG to remove the reservations charge for the Bluewater Firm Storage Agreements (Agreements) from the purchased gas adjustment clause (PGAC) as required by Order Condition 10 of the Commission's Final Decision in docket 5-DR-112. (PSC REF#: 326817.)

We Energies witness Mary Wolter notes in her direct testimony that recovery of these reservation charges via the PGAC provides a balance of risk between customers and shareholders as unanticipated revenues streams are included in the PGAC which accrues to the benefit of customers. Also, prudently-incurred, unanticipated costs will be recovered on a timely basis via the PGAC which reduces some of the operational risk.

The Commission may wish to consider if an escrow accounting treatment would be an appropriate alternative in providing a similar sharing of the PGAC's risks and benefits identified by Ms. Wolter. Unanticipated revenues or prudently incurred costs could be recovered thru the regulatory asset or liability created in an escrow accounting authorization. Escrow accounting would create an increased regulatory lag for the incremental revenues and costs to be recovered as compared to the PGAC. However, since this is the first time recovery of these reservation charges has been subject to rate review, escrow accounting would provide both We Energies and Commission staff the opportunity to review the performance of the Agreements. Should the Commission determine that escrow accounting is not warranted, the risk of unanticipated costs and the benefit of incremental revenues would transfer to shareholders.

Adjustment 5 reflects the movement of the costs recovered via the Agreements to the Gas Storage FERC accounts for recovery via base rates consistent with the Commission's Final Order in 5-DR-112.

Commission staff acknowledges that if the Commission determines recovery of costs associated with the Agreements should remain in base rates, additional adjustments to the revenue requirement may be warranted. Additionally, the cost of gas will need to be formally amended in the Commission's order. Should this need arise, Commission staff will work with We Energies to ensure the correct rate making treatment which should have minimal impact on customers' bills all else being equal.

Q. Please explain Adjustment 6.

A. Adjustment 6 reflects the correction of an incorrect allocator for certain outside services expenses included in Account 923.

Q. Please explain Adjustment 7.

A. Adjustment 7 reflects the levelized use of the unprotected excess deferred income tax (EDIT) savings which were created as a result of the Tax Cut and Jobs Act (TCJA) of 2017 lowering the federal corporate tax rate from 35 percent to 21 percent. The TCJA became effective on January 1, 2018, and was addressed by the Commission in docket 5-AF-101.

Q. Please explain Adjustment 8.

A. Adjustment 8 is based on Commission staff's adjustment to the PIPP SSR regulatory asset. Commission staff reviewed FERC Order 556 issued on October 19, 2018, in its docket ER14-1242-006. In data request response PSC-PPS-56 (PSC REF#: 369936), WEPCO Electric acknowledged that it issued refunds only for January 2015 then the SSR was

terminated. Commission staff's analysis of FERC Order 556, concluded that approximately 20.88 percent of the total SSR carrying costs represent expenditures that could have been estimated by the company and excluded from the original calculation of SSR expense. Therefore, based on carrying costs provided in initial data request response RR-50 (4Q) (PSC REF#: 362722), Commission staff reduced the total carrying costs by 20.88 percent which amounted to $12,760,000, prior to tax impacts. The $12,760,000, net of tax and carry, was subtracted from to the SSR gross regulatory asset as of year-end 2019. This reduction to the regulatory asset resulted in the $2,073,000 reduction in the revenue requirement. To remain consistent with WEPCO Electric's presentation, the aforementioned revenue requirement reduction is an increase in other operating revenues.

Q. Please explain Adjustment 9.

A. Adjustment 9 is based on adjustments to Account 904 with reductions in bad debt expenses totaling $6,328,000 for WEPCO Electric, $1,020,000 for WE-GO, and $1,142,000 for WG. These adjustments are based the 3-year (2016-2018) average net write-offs for escrowed accounts as experienced by each utility.

Q. Please explain Adjustment 10.

A. Adjustment 10 consists of Commission staff's modification to the expected removal costs for the Pleasant Prairie Power Plant consistent with the actual removal costs as disclosed in data request response PSC-PPS-57. (PSC REF#: 369935)

Q. Please explain Adjustment 11.

A. Adjustment 11reflects primarily the removal of promotional advertising expense from Account 913 and institutional advertising from Account 930.2 which has been standard Commission staff practice for each of the We Energies utilities.

Q. Please explain Adjustment 12.

A. Adjustment 12 reflects a reduction of $4,787,000 to non-labor operations and maintenance (O&M) expense Account 553 to reflect an inflated 3-year average of historical actual production expenses primarily related to Paris Generating Station.

Q. Please explain Adjustment 13.

A. Adjustment 13 reflects a $4,257,000 reduction to O&M Accounts 500-514 associated with the South Oak Creek Generating Units to reflect a 5-year inflated average of historical actual non-labor O&M expenses.

Q. Please explain Adjustment 14.

A. Adjustment 14 consists of reductions in the amortization expenses based on Commission staff witness Joe Fontaine's adjustments to conservation expenses as discussed in his testimony. The adjustments to the amortizations expenses total $412,000 for WEPCO Electric, $945,000 for WE-GO, and $1,070,000 for WG. The remainder of the adjustment consists of adjustments to informational advertising, labor, and inflation.

Q. Please explain Adjustment 15.

A. Adjustment 15 consists of a $1,060,000 reduction in long-term disability expense which is allocated across each of the We Energies utilities based on the data request response PSC-PPS-59. (PSC REF#: 368778.) This adjustment also includes small reductions in benefits related expenses associated with the reduction in the 2020 test year FTEs discussed in Adjustment 3.

Q. Please explain Adjustments 16 and 18.

A. Adjustments 16 and 18 modify expenses related to industry association dues and other miscellaneous adjustments consistent with past Commission staff practice.

Q. Please explain Adjustment 17.

A. Adjustments 17 reflects Commission staff's modification to the treatment of dividends payable to function as a short-term source of financing and made other modifications of regulatory assets for WEPCO Electric and WG. These changes resulted in Commission staff's Ratio of 85.12 percent for WEPCO Electric and 87.95 percent for WG compared to the filed Ratios of 84.68 percent for WEPCO and 87.74 percent for WG.

Q. Please explain Adjustment 19.

A. Adjustments 19 consists of the removal of two projects from rate base which lacked required Commission approval.

Q. Are there any special tax issues that affect Adjustment 20?

A. Yes. In the last full rate case proceeding in docket 5-UR-107, the Commission determined it was reasonable to continue the escrow for the domestic production activities deduction, also known as the Section 199 deduction, but it should be reevaluated in We Energies' next rate proceeding. This item was escrowed at the request of WEPCO Electric because it was difficult to accurately forecast at that time. We Energies witness David Hughes explains in his direct testimony that the Tax Cuts and Jobs Act, which became effective January 1, 2018, repealed the section 199 domestic production deduction. Accordingly, the section 199 deduction is not included in the tax expense calculation for the 2020 test year and no additional deferrals will be made; however, the remaining escrow balance needs to be amortized.

In data request response PSC-PPS-77, WEPCO Electric utilized bonus depreciation in lieu of taking the section 199 deduction resulting in additional savings for customers. The savings are derived from the cost-less accumulated deferred income tax

financing and elevated levels of capital expenditures. Commission staff could not find any non-transmission only, public utility companies that did not elect bonus depreciation. Commission staff further noted that the section 199 escrow account became a debit (asset) balance in early 2011. To better align the recovery period of the regulatory asset with the time it took to accrue, Commission staff adjusted the amortization of the section 199 regulatory asset from the 4-year recovery period put forth in WEPCO Electric's filing, to 8 years. This extension of the recovery period reduced WEPCO Electric's revenue requirement by $8,447,000 for the 2020 test year which is Adjustment 20.

Q. Please explain Adjustment 21.

A. Adjustment 21 reflects the revenue requirement impact for WEPCO and WG to modify their capital structures to 10.0 percent rate of ROE and a 51.0 percent equity layer in insolation.

Q. Please explain Adjustment 22.

A. Adjustment 22 reflects Commission staff's adjustment to WEPCO Electric's Solar Now Pilot program approved in docket 6630-TE-102. (PSC REF#: 356192.) Order Condition 8 of the Commission's Final Decision stipulated that, "WEPCO shall limit the deferral for Solar Now to capital costs associated with executed lease agreements." In data request response PSC-PPS-97 (PSC REF#: 371779), it is explained that the capital expenditure for this program were slower than WEPCO Electric anticipated. Accordingly, Adjustment 23 reduces the test-year capital expenditures to reflect the reduction in gross plant. This adjustment reflects the reduced depreciation expense, accumulated depreciation, and the reduction in tax credits associated with Commission staff's reduction of solar plant in service for the 2020 test year. Finally, due to the lack of executed contracts as reported in

in PSC-PPS-97, Adjustment 18 reflects the removal of the amortization expense for the Commission authorized regulatory asset associated with the 2019 return on and of the solar units going in service for 2019. WEPCO Electric will continue to defer any 2019 revenue requirement impacts associated with executed contracts for the Solar Now Program.

Q. Please explain Adjustment 23.

A. Adjustment 23 reflects Commission staff's updated inflation assumption consistent with past Commission staff practice.

Q. Please explain Adjustment 24.

A. Adjustment 24 decreases test-year expense related to Taxes Other Than Income Taxes by $222,000 on a total company basis. The decrease is based on Commission staff's estimates of payroll taxes and remainder assessments.

Q. Please explain Adjustment 25.

A. Adjustment 25 reflects updated pension expense based on an updated analysis from We Energies' actuary to account for changes in the capital markets since original preparation of the rate case materials. These adjustments totaled $563,000 for WEPCO Electric, $143,000 for WE-GO, $29,000 for WEPCO Steam, and $261,000 for WG.

Q. Please explain Adjustment 26.

A. Adjustment 26 reflects the impact of Adjustment 21 on Commission staff's adjustments impacting rate base and the ratio for each of the We Energies utilities. This line item encompasses the offsetting impacts of reducing average net investment rate base and modifying the capital structure.

Q. Please explain Adjustment 27.

A. Adjustment 27 reflects WEPCO Electric adjustments associated with Opportunity Sales, Fuel, and Purchased Power, as discussed in the testimony offered by Commission staff witness Michael Ritsema. Additionally, this adjustment includes the additional fuel cost allocated from WEPCO Electric to WEPCO Steam based on Commission staff's adjustment to WEPCO Steam sales in Adjustment 2.

Q. Please explain Schedule 2 of Ex.-PSC-Sullivan-1.

A. Schedule 2 is a listing of the deferred accounts included in Commission staff's adjusted financial statements for WEPCO and WG in the 2020 test year and the associated 2020 amortization expense.

As a result of the ratemaking process, and with reasonable assurance by a regulatory commission of future cost recovery, utilities sometimes include allowable costs in a period other than the period in which those costs would be charged to expense by an unregulated enterprise in accordance with Generally Accepted Accounting Principles. These differences usually relate to the timing of the recognition of a cost. The result of these timing differences is the creation of deferred accounts. The Commission's policy on deferred accounts is set forth in the Commission staff's Accounting Policy Team Statement of Position 94-01, approved by the Commission on February 23, 1995.

Q. Has WEPCO Electric requested any new deferral accounting treatment?

A. Yes, on pages 1 and 2 of Direct-WEPCO WG-Stasik-1, Richard Stasik requested deferral accounting treatment for rebates up to $1,000 per participating customer in its proposed Residential Electric Vehicle Pilot (REV Pilot), to defray some of the costs for installing charging equipment in customers' homes. Mr. Stasik further explains if the program is

fully subscribed in 2021, there is an aggregate cap on REV Pilot rebates of $7.50 million. WEPCO Electric requests that the rebates accrue as regulatory assets with carrying costs at the short-term debt rate. No revenue requirement impact was included in this proceeding and, if authorized, any deferred rebates would be reviewed for recovery in WEPCO Electric's next rate proceeding. We Energies asserts that it cannot predict with certainty what percentage of the rebates will be utilized in 2021 thus the deferral is necessary.

Under Staff Accounting Policy Statement of Position 94-01, which has been accepted and applied by the Commission pursuant to Commission order[1] there are several criteria that the Commission uses to evaluate a request for deferral account treatment for a utility expenditure: 1) whether the cost is outside of the utility's control; 2) whether the cost is unusual and infrequently occurring; 3) whether the amount, if recognized in the year of expenditure, would cause the utility serious financial harm or significantly distort the current year's income; and 4) whether the immediate recognition of the expenditure would have a significant impact on ratepayers.

Should the Commission determine it is appropriate for WEPCO Electric to defer the REV Pilot rebate costs with carrying costs, the short-term debt rate would be a suitable choice. Further, should the Commission wish to consider WEPCO Electric's deferral request, Commission staff suggests two additional conditions for Commission

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[1] [1] *See, e.g.*, Order, *Application of Northern States Power Company-Wisconsin, for Deferred Accounting Treatment for Pension Settlement Accounting Expense*, docket 4220-AF-100 (Wis. PSC Dec. 13, 2017)(PSC REF#: 334830); Order, *Northwestern Wisconsin Electric Company Request for Deferral*, docket 4280-AF-100 (Wis. PSC Feb. 8, 2018)(PSC REF#: 337504); Interim Order, *In re Wisconsin Power and Light Company*, docket 6680-UR-109, 1994 WL 747576 (Wis. PSC Dec. 8, 1994), Final Decision, *Joint Application of Wisconsin Public Service Corporation, Wisconsin Power and Light Company, and Madison Gas and Electric Company for Approval to Purchase the Forward Wind Energy Center from Forward Energy, LLC*, docket 5-BS-226 (Wis. PSC Mar. 20, 2018)(PSC REF#: 339856).

consideration. The first is that the authorization be for accounting purposes only and that it not bind the Commission to any specific treatment for this item in any future proceeding involving rates or other matters before the Commission. The second is that WEPCO Electric be required to provide further information and documentation regarding the costs and benefits to ratepayers of its Residential Electric Vehicle Pilot program. Such information would then aid the Commission in its decision making regarding the recoverability of the deferral in a future rate case.

Q. Does this conclude your direct testimony?

A. Yes, it does.

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Ex.-PSC-Sullivan-1
Docket 5-UR-109
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We Energies

Docket 5-UR-109

Inventory of Commission Staff Audit Adjustments

and

Deferral Amortization Schedule

for the Wisconsin Electric Power Company (Electric, Natural Gas, and Valley Steam Operations)
and Wisconsin Gas LLC (Natural Gas Operations)

for the Test-Year Ending December 31, 2020

August 28, 2019

Division of Energy Regulation and Analysis
PUBLIC SERVICE COMMISSION OF WISCONSIN

WE Energies
Inventory of Adjustments from Commissin Staff's Audit
2020 Test Year
Total Company Basis
Dollars in 000's

		Adjustment RR Impact			
		WEPCO Electric	WEPCO Gas	WEPCO Steam	WG
		(a)	(b)	(c)	(d)
Adjustment Number	**Specific Adjustment Explanation**				
1	Gas Margin		(1,648)		(641)
2	Steam Revenue			(633)	
3	Labor Adjustment	(25,826)	(3,002)	(317)	(4,893)
4	Remove Bluewater From Cost of Gas		(14,607)		(20,979)
5	Add Bluewater Reservation Charges to O&M		14,394		20,730
6	Acct 923	(942)	(61)	(7)	(162)
7	Levelize EDIT Utilization	32,265	4,610	1,745	(2,690)
8	SSR Adj.	(2,073)	(1)		
9	Acct 904 - (Update Uncollectables Escrow)	(6,329)	(1,020)		(1,142)
10	P4 Removal Costs Adjustment in 2020	(427)	(66)	(3)	
11	Accts 909, 913, 930.1 (Advertising Adjustment)	(1,030)	(55)	(4)	(438)
12	Acct 553	(4,787)			
13	SOC and P4 NL O&M	(4,257)			
14	Acct 908 (Update Conservation Escrow)	(412)	(945)		(1,070)
15	Acct 926	(1,173)	(127)	(21)	(197)
16	Acct 930.2 (Miscellaneous)	(638)	(41)	(5)	(194)
17	Ratio Adjustments (Dividends Payable)	(3,099)	(482)	(20)	(427)
18	Acct 930.2 (Association Dues)	(704)	(95)	(5)	-
19	Rate Base / Plant	(2,128)	(3,943)	2	-
20	Extend 199 Deferral Recovery to 8 Yrs	(8,447)	39	2	
21	ROE and Cap Structure Impacts (Staff Audit Only)	(29,317)	(4,400)	(186)	(8,393)
22	Amort and CWIP Adjust to Solar Now Contracts	(2,242)	(26)	(1)	
23	Updated Inflation	(565)	(143)	(29)	(261)
24	TOTIT (payroll taxes)	(102)	(7)	(1)	(112)
25	Pensions / Actuarial Update	563	61	10	147
26	Combination effect (Modeling Impacts)	1,073	362	8	104
27	Fuel	(15,852)	-	138	-
		(76,449)	(11,202)	673	(20,619)

WE Energies
Deferral Amortization Sechdule
Forecast through 2021
Dollars in 000's

Cells in boxes have changed from the filed Ex.- WEPCO WG-Zgonc-3

Company / Description	Utility	Inc Stmt Account	Bal Sheet Account	12/2019 Ending Balance	2020 Deferral	2020 Amortization	12/2020 Ending Balance	2021 Deferral	2021 Amortization	12/2021 Ending Balance
Wisconsin Electric Power Company										
Earnings sharing				-	-	-	-	-	-	-
Other Reg Liab-Earnings Cap Elec	WE Electric	Various	254	-	-	-	-	-	-	-
Electric transmission costs	WE Electric			**(1)**	**334,292**	**(337,664)**	**(3,373)**	**341,038**	**(337,664)**	**0**
Energy costs				**2,753**	**-**	**(1,377)**	**1,377**	**-**	**(1,377)**	**(0)**
MISO Day 2 WUMS Agreement	WE Electric	555	182	2,228	-	(1,114)	1,114	-	(1,114)	(0)
Other Reg Assets-Def-MISO Day 2 Charges	WE Electric	555	182	526	-	(263)	263	-	(263)	(0)
Energy costs recoverable through rate adjustments				**341**	**-**	**(170)**	**170**	**-**	**(170)**	**0**
CSAPR Deferral	WE Electric	555	182	341	-	(170)	170	-	(170)	0
Energy costs refundable through rate adjustments				**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Reg Liab-Refund WI Retail Fuel	WE Electric	555	254	-	-	-	-	-	-	-
Energy efficiency programs				**(5,029)**	**68,227**	**(54,690)**	**8,508**	**68,227**	**(54,690)**	**22,045**
Other Reg Assets-Act 141 Electric Utility Payments	WE Electric	908	182	11,220	34,995	(36,922)	9,293	34,995	(36,922)	7,366
Other Reg Assets-Act 141 Elec Large Cust Escrow	WE Electric	908	182	694	22,000	(22,116)	579	22,000	(22,116)	463
Other Reg Assets-Energy Efficiency Gas Program	WE Electric	908	182	(6,270)	2,216	919	(3,135)	2,216	919	0
Other Reg Liab-Conservation Escrow Elec (WI)	WE Electric	908	254	(25,513)	-	12,756	(12,756)	-	12,756	(0)
Other Reg Liab-ConserEscrow PTF EnerProcure Elec	WE Electric	908	254	11,230	1,142	(2,544)	9,828	1,142	(2,544)	8,426
Other Reg Liab-WE Agricultural Service Program	WE Electric	908	254	(744)	1,342	(970)	(372)	1,342	(970)	(0)
Other Reg Assets-Act 141 Gas Utility Payments	WE Gas	908	182	(1,592)	5,475	(3,734)	149	5,475	(3,734)	1,890
Other Reg Assets-Act 141 Gas Large Customer Escrow	WE Gas	908	182	5,850	1,057	(2,032)	4,875	1,057	(2,032)	3,900
Other Reg Liab-Conservation Escrow Gas (WI)	WE Gas	908	254	95	-	(47)	47	-	(47)	(0)
Environmental remediation costs	WE Gas			**11,747**	**1,393**	**(1,743)**	**11,397**	**384**	**(1,743)**	**10,037**
Escrowed PTF - WI	WE Electric			**34,484**	**389,837**	**(402,006)**	**22,315**	**394,793**	**(402,006)**	**15,101**
Income tax related				**(601,487)**	**-**	**130,640**	**(470,847)**	**-**	**69,567**	**(401,280)**
WE - Deferred Tax Expense (Pre-Tax) - TAX REPAIRS	WE Electric	Various	182	277,845	-	(5,557)	272,288	-	(5,557)	266,731
WE - TR - Remeasure - Electric (P)	WE Electric		254	(677,914)	-	22,473	(655,441)	-	22,473	(632,968)
WE - TR - Remeasure - Electric (U)	WE Electric		254	(193,132)	-	127,102	(66,030)	-	66,029	-
WE - TR - Remeasure - Gas (P)	WE Gas		254	(84,536)	-	1,766	(82,770)	-	1,766	(81,004)
WE - TR - Remeasure - Gas (U)	WE Gas		254	21,120	-	(5,280)	15,840	-	(5,280)	10,560
WE - TR - Remeasure - Steam (P)	WE Steam		254	(6,937)	-	174	(6,763)	-	174	(6,588)
WE - TR - Remeasure - Steam (U)	WE Steam		254	8,063	-	(2,016)	6,047	-	(2,016)	4,031
Other Reg Asset-DPMD-Electric	WE Electric	410/421	182	50,612	-	(6,326)	44,286	-	(6,326)	37,960
Other Reg Assets-Elec Tax & Int Assess Payments	WE Electric	408	182	(746)	-	858	112	-	858	970
Other Reg Liab-Tax & Int Refunds Receipts	WE Electric	408	254	4,139	-	(2,555)	1,585	-	(2,555)	(970)
Other				**6,365**	**(4,041)**	**1,355**	**3,678**	**(4,041)**	**1,355**	**992**
Oth Reg Assets-Greenhouse Gas Reduction Initiative	WE Electric	930	182	166	-	(83)	83	-	(83)	0
Oth Reg Liab-Section 1603 Treasury Grant-FERC	WE Electric	410	254	(5,091)	-	-	(5,091)	-	-	(5,091)
Oth Reg Liab-Section 1603 Treasury Grant-WI	WE Electric	410	254	5,211	-	(868)	4,342	-	(868)	3,474
Other Reg Assets-MISO RSG Deferral	WE Electric	456	182	900	-	(450)	450	-	(450)	(0)
Other Reg Assets-Montfort Deferral	WE Electric	456	182	0	-	-	0	-	-	0
Other Reg Assets-NOx Escrow	WE Electric	456	182	1,595	-	(797)	797	-	(797)	(0)
Other Reg Assets-Pt Beach WI	WE Electric	456	182	(181)	-	91	(91)	-	91	(0)
Other Reg Liab-Elec SO2 Allowances	WE Electric	456	254	(148)	-	74	(74)	-	74	0
Other Reg Liab-MISO Sch 33 Black Start Revenue	WE Electric	456	254	3,914	(4,041)	3,389	3,261	(4,041)	3,389	2,609
Other Reg Liab EW5 Sale Costs/Benefits	WE Electric	456	254	-			-			-
Pension settlement accounting	WE Common	926	182	**5,405**	**-**	**(666)**	**4,739**	**-**	**(666)**	**4,073**
Plant retirements				**829,602**	**6,000**	**(41,908)**	**793,694**	**6,000**	**(41,908)**	**757,786**
Other Reg Assets-PWPP Retirement	WE Electric	407	182	2,728	-	(273)	2,455	-	(273)	2,183
WEPCO P4 Retirement	WE Electric	407	182	604,531	6,000	(30,202)	580,329	6,000	(30,202)	556,127

Other Reg Assets – P4 AFUDC Equity deferral	WE Electric		182	20,913	-	(1,063)	19,850	-	(1,063)	18,787
WEPCO Presque Isle Retirement	WE Electric	407	182	180,800	-	(10,370)	170,431	-	(10,370)	160,061
Reg Asset Write Offs/Carry and Avoided Amort				**(3,689)**	**-**	**1,844**	**(1,844)**	**-**	**1,844**	**0**
Oth Reg Liab-Avoided Carry on Reg Asset Write Offs	WE Electric	421	254	(3,689)	-	1,844	(1,844)	-	1,844	0
Renewable energy				**(217)**	**-**	**108**	**(108)**	**-**	**108**	**(0)**
Other Reg Liab-Renew Energy Prog Elec	WE Electric	908	254	(217)	-	108	(108)	-	108	(0)
WE Solar Now 2019 Return On/Of	WE Electric	908		-	-	-	-	-	-	-
Tax savings / remeasure				**(6,114)**	**-**	**3,057**	**(3,057)**	**-**	**3,057**	**(0)**
Oth Reg Liab-Tax Reform Svg - Elec WI Trans Offset	WE Electric		254	(0)	-	0	0	-	0	0
Other Reg Liab-Tax Reform Remeasure - Elec WI	WE Electric	456	254	0	-	0	0	-	0	0
Other Reg Liab-Tax Reform Remeasure - Gas WI	WE Gas	495	254	(4,017)	-	2,008	(2,008)	-	2,008	-
Other Reg Liab-Tax Reform Remeasure - WEPCO Steam	WE Steam	467	254	(380)	-	190	(190)	-	190	-
Other Reg Liab-Tax Reform Savings - Elec WI	WE Electric	456	254	(904)	-	452	(452)	-	452	(0)
Other Reg Liab-Tax Reform Savings - Gas WI	WE Gas	495	254	(789)	-	395	(395)	-	395	0
Other Reg Liab-Tax Reform Savings - WEPCO Steam	WE Steam	467	254	(25)	-	12	(12)	-	12	(0)
Uncollectible expense				**(14,314)**	**31,450**	**(22,354)**	**(5,218)**	**32,150**	**(22,354)**	**4,578**
Other Reg Liab-Uncoll Exp Elec	WE Electric	904	254	(13,873)	28,000	(19,672)	(5,545)	28,500	(19,672)	3,283
Other Reg Liab-Uncoll Exp Gas	WE Gas	904	254	(441)	3,450	(2,682)	327	3,650	(2,682)	1,295
WI SSR deferral				**328,354**	**-**	**(52,599)**	**275,755**	**-**	**(52,599)**	**223,156**
Other Reg Assets-WI SSR Deferral	WE Electric	456	182	506,175	-	(84,362)	421,812	-	(84,362)	337,450
Other Reg Asset - SSR Tax Repair Adj	WE Electric	456	182	(190,580)	-	31,763	(158,817)	-	31,763	(127,054)
Mines deferral	WE Electric	456	254	**(140,666)**	**-**	**23,444**	**(117,222)**	**-**	**23,444**	**(93,777)**
Total Wisconsin Electric Power Company				**447,534**	**827,157**	**(754,729)**	**519,963**	**838,550**	**(815,802)**	**542,710**
Wisconsin Gas										
Earnings sharing				**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Reg Liab-Earnings Cap Gas	WG Gas	495	254	-	-	-	-	-	-	-
Energy efficiency programs				**(5,013)**	**10,480**	**(6,903)**	**(1,436)**	**10,480**	**(6,903)**	**2,141**
Other Reg Assets-Act 141 Gas Large Customer Escrow	WG Gas	908	182	573	123	(410)	287	123	(410)	0
Other Reg Assets-Act 141 Gas Utility Payments	WG Gas	908	182	(2,121)	8,254	(6,123)	10	8,254	(6,123)	2,141
Other Reg Assets-Energy Efficiency Gas Program	WG Gas	908	182	(3,465)	2,103	(371)	(1,732)	2,103	(371)	0
Other Reg Assets-SDC-Milwaukee(WRAP)Program	WG Gas	908	182	(0)	-	0	(0)	-	0	0
Environmental remediation costs	WG Gas	735	182	**25,825**	**10,187**	**(1,158)**	**34,854**	**5,648**	**(1,158)**	**39,345**
Income tax related		408		**(188,727)**	**-**	**3,895**	**(184,832)**	**-**	**3,895**	**(180,937)**
WG - TR - Remeasure - Gas (P)	WG Gas		254	(176,697)	-	963	(175,734)	-	963	(174,771)
WG - TR - Remeasure - Gas (U)	WG Gas		254	(12,334)	-	3,084	(9,250)	-	3,084	(6,166)
Other Reg Assets-Gas Tax & Int Assess Payments	WG Gas	408	182	230	-	(115)	115	-	(115)	(0)
Other Reg Liab-Tax & Int Refunds Receipts	WG Gas	408	254	75	-	(37)	37	-	(37)	(0)
Other				**-**	**-**	**-**	**-**	**-**	**-**	**-**
Pension settlement accounting	WG Gas	926	182	**811**	**-**	**(99)**	**712**	**-**	**(99)**	**613**
Tax savings / remeasure				**(3,761)**	**-**	**1,881**	**(1,881)**	**-**	**1,881**	**0**
Other Reg Liab-Tax Reform Remeasure - Gas WI	WG Gas	495	254	(513)	-	964	451	-	964	1,415
Other Reg Liab-Tax Reform Savings - Gas WI	WG Gas	495	254	(3,248)	-	917	(2,332)	-	917	(1,415)
Uncollectible expense	WG Gas	904	254	**(3,982)**	**15,700**	**(13,001)**	**(1,283)**	**16,200**	**(13,001)**	**1,916**
Total Wisconsin Gas				**(174,846)**	**36,367**	**(15,385)**	**(153,865)**	**32,328**	**(15,385)**	**(136,922)**